

The complaint

Mr L complains about the management and administration, by Lex Autolease Limited ("Lex"), of his hire agreement ("agreement").

What happened

In November 2018 Mr L entered into an agreement with Lex to hire a car at a monthly rental of £226.42. The minimum period of hire was set at 60 months ending in December 2023.

In November 2023 the car on hire to Mr L was involved in an accident. In March 2024 the car was returned to Lex after it had been repaired.

Between January and March 2024 Lex sent Mr L a number of notices seeking payment of an increasing amount of missed informal extension period rentals.

In April 2024 Lex advised Mr L that his agreement was now showing with credit reference agencies as being in default (£713.90). Mr L disputed Lex's right to hold him liable for this sum and he complained about their persistence in seeking the recovery of this sum (and other lessor sums) in and after January 2024.

Mr L's complaint was considered by one of our investigators who came to the view that Lex hadn't acted unfairly or unreasonably in holding him liable for the sum of £713.90 or in their pursuance of this (and other lessor sums) in and after January 2024.

Mr L didn't agree with the investigator's view so his complaint has been passed to me for review and decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I can confirm that I've come to the same overall outcome as the investigator and for broadly the same reasons. I've looked at this complaint on the balance of probabilities – that is, what I consider is most likely to have happened in light of the available evidence. Mr L's complaint is about a hire agreement. Entering into this type of consumer credit contract is a regulated activity, so I'm satisfied I can look into this.

I've summarised the events surrounding this complaint in less detail than the submissions we've received. No discourtesy is intended by my approach which reflects the informal nature of this service. Where I've not commented on something, it's not because I've not considered it. It's because I've focused on the key issues. This approach is in line with the rules under which we operate.

First of all, I've looked at the finance agreement. In relation to the continuation of the hire period it states:

"The hiring will continue on the terms set out in this agreement after the Minimum Period has expired until we collect the Vehicle from you (we call this continuation of hiring period a Informal Extension Period). During an Informal Extension Period, monthly rentals will be payable at £226.42 per month. We call such rentals Extension Period Rentals. We will collect Extension Period Rentals in arrears at the end of the month in which the Informal Extension Period falls, or earlier in a month, at the end of the Informal Extension Period, if the Informal Extension Period ends before the end of a month (pro rated on a daily basis)."

And:

"You will pay to us the Initial Rental, each Monthly Rental and any Extension Period Rentals at the times specified on page 1."

In relation to the duration of the rental period the agreement says:

4(d) The hiring will continue until the end of the Minimum Period, and will continue after this until you arrange for us to collect the Vehicle from you. Rentals will continue to be payable after expiry of the Minimum Period, as specified on page 1 .

In addition to this, in relation to repairs and accidents, it states:

"8(h)(i) You shall repair the Vehicle promptly should it become damaged as a result of accident fire or any other risks."

And:

"9(b) The Vehicle must be returned in good order, repair and condition (fair wear and tear excepted)."

Mr L has told us that the accident wasn't his fault, a fact not disputed by the other driver. And he told us that because of this, and because after the accident he had no further use of, or access to, the car, Lex shouldn't be able to hold him liable for the sum of £713.90.

Lex are responsible for supplying and administering the agreement. Under the agreement they are also the supplier of the car, and therefore will be responsible for supplying a vehicle that is of "satisfactory quality." This comes about via the implied terms of the Consumer Rights Act 2015. So if the car was sold with an inherent defect of some kind, Lex are likely to be responsible for putting that right. However, Lex are not responsible for damage caused by third parties. This complaint isn't about a car that was faulty at the point of sale; the problems with this car arose as a result of the accident. It follows that as the provider of the finance, Lex isn't responsible for this.

I understand Mr L's frustration; being charged for the hire of the car when he didn't have the use of it. But significantly I also note that overall, the agreement envisages that rentals will be payable until the car is returned. It's also very clear that accident repair is the responsibility of the hirer. Moreover, it doesn't exclude payment in situations (such as this accident) which aren't the fault of the hirer.

If the accident had happened midway through the period of the agreement, Mr L would still have been expected to make the rental payments. It's most likely he would have collected the car after the repairs and continued driving it. The difference here is that the accident happened towards the end of the period of the agreement. Looking carefully at the agreement, I'm satisfied it doesn't say that this timing negates Mr L's obligation to make the rental payments. I also note that Mr L has had a courtesy car. And it's open to him to look into pursuing another party for the cost, for example his insurance company. On balance, having weighed all the available information in this complaint (including the agreement terms

and conditions set out above) I'm satisfied that it was reasonable for Lex to charge Mr L rental payments until the car was returned.

Next I've considered that Mr L told us he tried to arrange an extension of the agreement. However he was informed by Lex that they were unable to arrange a formal extension beyond five years. I've considered what the agreement says about this. It states:

"If you wish to arrange a formal extension of the hiring after the end of the Minimum Period, please speak to us before the end of the Minimum Period and we may be able to arrange a fixed extension of the hiring at a lower monthly rental than the Extension Period Rentals set out on page 1."

I note that the agreement says only that Lex "may" be able to arrange a formal extension. So it's clear that there's no guarantee. Moreover, paragraph 2(g) of the agreement states that the minimum hire period can't exceed 60 months. So with all this in mind I'm satisfied that Lex did nothing wrong in not granting the formal extension Mr L asked for.

Next, I've considered that Mr L complained to us that Lex ignored his explanation and ignored his calls and emails. I've looked at the correspondence and system logs in detail and can see that there were phone conversations and also the majority of Mr L's emails were answered. On this point; I note from the information we've been given that Mr L had to chase Lex for a response to his complaint email. However this appears to have been solely in relation to this single email. Mr L also told us that on a call he was kept on hold for a long period of time and then the call dropped, and on another occasion he couldn't get through. While unfortunate errors, these appear to have been limited and infrequent. Looking at all the available information, I've also seen some language from Mr L himself which was clearly objectionable and he was warned, not unreasonably, by Lex staff that they couldn't tolerate that. Overall, having considered everything in the round, I haven't seen anything that makes me think Lex was actively ignoring Mr L's calls or emails, or by omission failing to answer his queries, and therefore I don't think they did anything unfair or unreasonable in this respect.

Mr L also told us that Lex kept harassing him. So I've looked in detail at the records and correspondence that have been provided to us. I can see that Lex sent Mr L the final response letter, and other letters reminding him of the sum owed. This included a notice of sums in arrears. I also see that a number of letters were grouped around the month of February 2024, presumably because Lex had sent Mr L their final response in that month. But I can't see that this communication was carried out with a tone of harassment or bullying, or was excessive. I note some of the letters enclosed appropriate information about debt advice services. And some contained information about the possible consequences of arrears.

Mr L has made it clear to us he thinks that he shouldn't have been sent such communication in the first place because he had conveyed his disagreement and his position was that he didn't owe the money. However I must also take into account that it would have been remiss of Lex to not send Mr L communications and/or updates regarding the progress of the debt or possible next steps. I can also see that Lex explained their position in their final response and then afterwards they told Mr L he had the right to bring his complaint to this Service, which was correct. Having weighed all of this I'm satisfied Lex's communications were generally appropriate given what they were required to do in order to properly inform Mr L about the debt and potential consequences.

I've carefully considered all the available information. I'm satisfied Lex was entitled to send the invoices for the rentals Mr L complained about, and to inform him of the debt. It's clear from his complaint that Mr L feels strongly about this matter, but overall in this respect I think that Lex hasn't acted in a way which was unfair or unreasonable.

My final decision

For the reasons set out above I'm not upholding Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 27 December 2024.

Katrina Hyde
Ombudsman